Volume 12 No. 10, June 15, 2006

QUOTA EXCHANGE

The last butterfat Quota Exchange of the 2005-2006 dairy year was conducted on June 15, 2006. The market-clearing price for unused quota was **$80.00**. The market-clearing price established for used quota was **$62.00.** The results of the June 2006 Quota Exchange are outlined in the following Tables.

The first monthly Quota Exchange for the 2006-2007 dairy year will be held on September 15, 2006. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the Board office by midnight, September 6, 2006. The Board recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange.

Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange.

The clearing price is established at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase. To determine the clearing price of Total Production Quota, the bids to buy may be adjusted to five percent of annual production quota issued. This is necessary to avoid price distortion from excessively large bids.

UNUSED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	$ 80.00
Kilograms offered to Purchase – total	4,445
Kilograms offered to purchase at 5% adjustment	
Kilograms offered to Sell	8,200
Kilograms sold	4,000
Number of Producers	
- offered to purchase	8
- purchased quota	4
- offered to sell	9
- sold quota	9

TABLE I

UNUSED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
64.80	1	1	397	397	-7803	8,200	0	8	0
70.00	4	5	1,492	1,889	-6,311	8,200	1,000	8	1
72.00	2	7	1,556	3,445	-3,755	7,200	0	7	0
75.00	0	7	0	3,445	-3,755	7,200	400	7	1
76.00	0	7	0	3,445	-3,355	6,800	1,800	6	1
78.00	0	7	0	3,445	-1,555	5,000	1,000	5	1
80.00	**2**	**9**	**1,000**	**4,445**	**445**	**4,000**	**4,000**	**4**	**4**

TABLE II

USED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$ 62.00**
Kilograms offered to Purchase – total	**3,825**
Kilograms offered to Sell	**24,968**
Kilograms sold	**1,950**
Number of Producers	
- offered to purchase	**3**
- purchased quota	**3**
- offered to sell	**9**
- sold quota	**2**

USED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
58.50	2	2	1,950	1,950	-1,875	3,825	0	3	0
62.00	**0**	**2**	**0**	**1,950**	**-1,875**	**3,825**	**3,000**	**3**	**1**
65.00	3	5	16,268	18,218	17,393	825	0	2	0
66.00	2	7	1,750	19,968	19,143	825	0	2	0
70.00	1	8	3,000	22,968	22,143	825	825	2	2
72.00	1	9	2,000	24,968	24,968	0	0	0	0

QUOTA SWAP EXCHANGE

The Quota Swap Exchange was conducted on June 15, 2006. There was no market-clearing price established. The results of the Quota Swap Exchange are outlined in the following Table.

The next Quota Swap Exchange will be held on September 15, 2006. All offers to swap quota through the Quota Swap Exchange must be received at the Board office by midnight, September 6, 2006. **The Board recommends that offers and bids to swap be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.**

Just a reminder to producers that when making bids on the Quota Swap Exchange, the price on offers to swap out unused quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Quota Swap Exchange.

Conversely, the price on offers to swap in unused quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Quota Swap Exchange.

The clearing price is established at the price where the smallest difference exists between the accumulated volume offered to swap out and the accumulated volume offered to swap-in.

TABLE III

QUOTA SWAP EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$——**
Kilograms offered to swap in	**0**
Kilograms offered to swap out	**0**
Kilograms swapped	**0**
Number of Producers	
- offered to swap in	**0**
- swapped in quota	**0**
- offered to swap out	**0**
- swapped out quota	**0**

QUOTA SWAP EXCHANGE

Price ($/kg b.f.)	No. of Sellers (swap out)	Cumulative Sellers (swap out)	Kgs b.f. offered to swap out	Cumulative swaps out	Cumulative swaps out less Cumulative swaps in	Cumulative purchases (swap in)	Kgs b.f. offered to swap in	Cumulative Buyers (swap in)	No. of buyers (swap in)

BUTTERFAT PRODUCTION AND COMPONENT PRICING, MAY 2006

Butterfat production for May, 2006 totalled approximately 674,742 kilograms. This was approximately 4.33% lower than May, 2005 shipments. **For the first ten months of the 2005-2006 dairy year, Saskatchewan's allocation of Total Production Quota totalled approximately 6,848,545 kilograms. Cumulatively, in the first ten months, the province has shipped 100.50% of that amount.**

The weighted average component tests and prices for the province in May are indicated in Table IV.

TABLE IV

Components	Average Test	Price per kilogram Class 1 to 5
Butterfat	3.7360	$10.1547
Protein	3.2482	$ 7.1547
Other Solids (S.N.F.)	5.6929	$ 1.0206

Based on the average component tests for the province, the average price received was $66.9884 per hectolitre. The average butterfat per kilogram value was $17.93.

Dairy year to date 4m (over quota) holdings are $3,395,626.

SASKATCHEWAN MILK POOL RESULTS May 2006

TABLE V

Milk Sale Revenue	$ 12,588,278.60
Western Milk Pool	$ - 415,099.31
Dairy Farmers of Canada Skim Off	$ - 18,810.20
Plant of Last Resort Service	$ - 56,004.91
Total Pool Value	**$ 12,098,364.18**

ACCOUNTING VALUES FOR CLASSES OF MILK – June 2006
TABLE VI

	Butterfat ($/kg)	**(per hl. Skim milk**	
Class 1a	$5.3000	$52.57 (per hl. Skim milk)	
Class 1b	$5.3000	$52.57 (per hl. Skim milk)	
Class 1c	$5.3000	$44.50 (per hl. Skim milk)	
	Butterfat ($/kg)	**Protein ($/kg)**	**Other Solids ($/kg)**
Class 2	$7.2333	$5.3140	$5.3140
Class 3a	$7.2333	$12.4158	$0.8291
Class 3b	$7.2333	$12.1853	$0.8145
Class 4a, 4b, 4d & 4d(i)	$7.2333	$4.9346	$4.9346
Class 4a(i)	$7.2333	$1.5000	$1.5000
Class 4c	$7.2333	$4.2497	$4.2497
Class 4m	$0.00	$0.00	$0.00
Class 5a	$3.1124	$4.5843	$0.3924
Class 5b	$3.1124	$1.7548	$1.7548
Class 5c	$3.3740	$2.0000	$2.0000
Class 5d	**As determined by**	**the CDC**	

PRODUCER MILK PAYMENTS – TRANSFERRED TO THE MILK CONTROL BOARD

Effective August 1, 2006, producers will start receiving their milk payments from the Milk Control Board rather than from Agrifoods International Cooperative Ltd. Agrifoods has operated the producer payment system as an agent of the Board for several years.

The movement of the producer payment system is part of a major consolidation of Board functions and their integration within one information system within the Board office.

One aspect of the transition involves the transfer of producer information from Agrifoods to the Milk Control Board. It is the Board's intention to treat this information with the same degree of confidentiality as now exists with other producer information currently held by the Board. Written authorization is required from producers for the Board to respond to any requests for confidential information. The Board respects and adheres to all confidentiality requirements as stipulated under *The Privacy Act*.

If producers have any concerns about any aspect of this transition process, or wish to receive additional information, please be in touch with the Board office.

Producers should also be aware that the Board will not be deducting charges for lab and snap tests from the producer statements. Therefore, effective August 1, 2006, producers are responsible to pay Agrifoods directly for lab and snap tests.

QUOTA LISTING SERVICE

The Board offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows or swap quota is welcome to contact the Board office at (306) 787-5319. All prices and negotiations will be independent of the Milk Control Board.

<u>Would like to swap Used Quota for Unused Quota – Swap In</u>

- West Bench Colony – contact Joe – (306) 295-4135
- Cossette Farms – contact Randy Cossette – (306) 634-4360
- Ken Ferch – (306) 736-2205
- Spring Creek – contact Elie @ (403) 937-3798 Ext. 218 or cell (403) 504-7553
- Simmie Colony – approximately 1,500 kgs. – contact Jerry @ (306) 297-2254
- Broyhill Holsteins – contact Joy Lindenbach @ (306) 771-2721
- Approximately 2,000 kgs - Ken Klassen (306) 229-4591 or Ed Klassen (306) 227-9432
- Marksview Farms – approximately 5,000 kgs – contact Dick Friesen @ (306) 933-4610

- Swift Current Colony – contact Josh @ (306) 778-2327
- Webb Colony – approximately 1,100 kgs. – contact Mike Hofer @ (306) 674-2236
- Leask Colony – approximately 3.000 kgs. – contact Darius Wallman @ (306) 466-2303 extension 116.
- Alvin Schultz – approximately 2,000 kgs. @ (306) 254-4301
- Jake or Les Sawatsky - approximately 9,000 kgs. @ (306) 225-5883.
- Glenn Hamm @ (306) 594-2855.
- Tim at Sovereign Colony @ (306) 882-2447 – approximately 3,000 kgs
- Danny Hofer at Box Elder Colony @ (403) 502-9997.
- Philip at Rosetown Colony @ (306) 882-3112, Extension 709
- Jim Ross @ (306) 697-2232
- Jim Gorrill @ (306) 725-4828
- Florian Hagman @ (306) 749-2879
- Roger Genoway @ (306) 593-2289
- Robert Coghill @ (306) 699-7237
- Stan Sinclair @ (306) 332-4220
- Sand Lake Colony – Joe or Willie @ (306) 298-2068
- Kevin Flath @ (306) 549-2129 (approximately 1000 kgs)
- Craig Krasowski @ (306) 783-0396
- Wheatland Colony – @ (306) 587-2458 – Ext. 109 (approximately 1,000 kgs)
- Estuary Colony – contact Jake @ (306) 628-4116
- D & D Dairies – contact Rene Dubreuil @ (306) 795-2976 (approximately 2,000 kgs)
- Bench Colony @ (306) 297-3270

- Holstein Haven Ltd. – contact Robert McCubbing @ (306) 228-2921 or fax (306) 228-4472 (approximately 2,500 kgs)

- Peter & Jacob Fehr @ (306) 225-4437 (approximately 1,200 kgs)

For Sale

- Quota for sale – 39,699 kilograms – phone (306) 621-5265
  Email: blackholstein@hotmail.com

- 6 Holstein heifers, calving in August & September. Contact Darius @ Leask Colony (306) 466-2303, Ext. 116.

- 40,000 kilograms unused quota for August 1, 2006 with or without cows. Contact Tom Lang at Lang's Dairy Farm @ (306) 757-6389

- 12 bred grade Holstein heifers for sale, some due to calve shortly. Contact Dave Friesen @ (306) 225-4601.

- Holstein cows and quota. Call Perry or Preston Haanen @ (306) 329-4604 or 329-4981

- Quota and cows for sale (approx. 14,000 kgs). Call Jerome Fisher @ (306) 365-4674

- Quota for Sale. Call Glen or Joy Hamm @ (306) 594-2855

- Dairy Hay and 6 Holstein heifers to calve in October or November
  - contact Martin Sondergaard @ (306) 547-2205

- 6 bred heifers due to calve starting April 1st and
  17 two year old A.I. sired Holstein Heifers to start calving October 1
  - contact Del Mealing @ (306) 693-2543 cell (306) 681-8207

- 20 head of young Holstein cows and bred heifers and 4 breeding age bulls
  - contact Fornwalds @ (306) 487-2784

- A Westfalian Systemat Tank 1000 gallon
  - contact Earl or Scott at Eaglewood Holsteins @ (306) 329-4394

- 12 bred Holstein heifers to calve May and June
  - contact Robert or Dorothy Scheidt @ (306) 748-2817

- 4 new vacuum pump vanes at half price, 8 9/16 x 2 9/16 x 5/32; paid $790.00 – contact Aadne or Phillip Aarrestad @ (306) 469-4954 or (306) 469-2326

Lucille Schmidt @ (306) 771-2749 or Dan Schmidt @ (306) 771-2107 have the following items for sale.

1. 800 U.S. Gallon stainless steel bulk tank with Muehler Matic wash wand
2. 60 Gallon Surge Claristos Heat Exchanger – good condition
3. Receiver Jar with 3 inch trap with compact receiver panel
4. Electro/Brain #5 Alano Vacuum Pump (100+) 5.5 direct drive motor
5. Stainless steel pipeline 2 inch

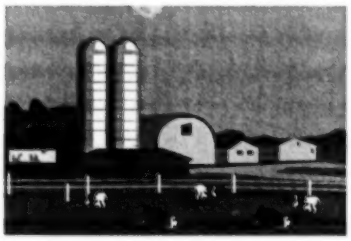
MILK CONTROL BOARD MEMBERS

Leonard Blocka, Chairman	Dairy producer
Dr. David Christensen	Dairy research/professor U of S
Joseph Guenther	Dairy producer
David Finlay	Dairy producer
Garf Stevenson	Consumer representative
Joanne Mortenson	Processor representative

For further information, please contact the Saskatchewan Milk Control Board office.

1210-2500 Victoria Avenue Telephone (306) 787-5319
Regina, Saskatchewan S4P 3X2 Fax: (306) 787-1988

Website: www.saskmilkcontrolboard.ca email: milk.control.board@sasktel.net



HAVE A GREAT SUMMER!

Dairy Year End Scenarios

If the province comes in at 100% or less, the 4M over quota refund will occur at the end of the current Dairy Year. Board Staff will calculate the average percentage of over quota production in kilograms of butterfat, and that percentage will be the benchmark set for the 4M over quota refund. Please note that a producer refund cannot exceed the total 4M dollar amount held by the Board on their behalf. The over producers will receive all, or a portion of, the 4M over quota dollar amount held based on the average. Note that all refunds will be based on in-quota production.

Pre-fill

If the province produces greater than 100% and there are no credits available from other provinces and no Class 5D permits to export the over production are available, Saskatchewan will be in pre-fill for the 2006/2007 dairy year. Producers who have over shipped their TPQ in the 2005/2006 Dairy Year will have their quota suspended on a prorated basis up to the maximum of their over production.

For example: If the province has shipped 105%, any producer who ships greater than 100% but less than 105% will have their quota suspended by the amount that they are over 100%; i.e. Producer shipped 102% in 2005/2006 dairy year, his/her TPQ in 2006/2007 Dairy Year would be 98%.

Any producer who shipped over 105% will have their quota suspended by a minimum 5% and will also have to absorb the difference of the producers who shipped between 100% and 105%; i.e. Producer shipped 110% in 2005/2006 Dairy Year, his/her TPQ in 2006/2007 Dairy Year would be 92%.

4M Refund if Pre-fill occurs

There will be no 4M over quota refund at year end. 4M over quota dollars held by the Board will be refunded at the end of the 2006/2007 Dairy Year. The refund and quota suspension process will be as follows at the end of 2006/2007 Dairy Year:

Producers can recover all or a portion of the suspended quota at the start of the 2007/2008 dairy year. To recover all 4M over quota dollars and suspended quota, producer's cumulative production for the current (2005/2006) and next dairy year (2006/2007) must be 100% or less.

For example 2005/2006 TPQ is 10,000 and you shipped 11,000, your TPQ for 2006/2007 would be 9,000. If, cumulatively, your production is 20,000 or less for the two years, you will recover your suspended TPQ and recoup all 4M over quota dollars held.

Another way a producer can recover their suspended quota is if in the dairy year after pre-fill (2006/2007) the province is at or under 100%, the producer in that example would receive a portion of 4M dollars held when the refund is calculated.

Province in Pre-fill in Consecutive Years

If the province has consecutive years of pre-fill, the producers causing the pre-fill will be financially penalized. 4M dollars held from the current (2005/2006) and future (2006/2007) dairy years will be used to pay the province's penalty. Remaining dollars will be paid out to producers who were over the previous year and whose cumulative two year production is at or below 100%. Any dollars remaining will be refunded on the basis of the 4M refund calculation as if the province was not in a pre-fill situation.

Additional Information on pre-fill scenarios

In pre-fill – Province has over shipped allocations.

The province will be forced to suspend quota in its province equal to the total kilograms of butterfat over produced. This amount will be after any credits are used from provinces that were under 99.5% and any export permits.

In pre-fill – Producer has over shipped allocations.

If the province is in pre-fill, individual producers who are over quota will absorb the provincial pre-fill and have quota suspended. This suspension will be up to the maximum of their individual over production. There will be no 4M over quota Refund at the end of the 2005/2006 dairy year.

Consecutive Years Pre-fill – Province

Producers who are over quota will absorb the provincial pre-fill and have quota suspended. For producers who are over in consecutive years, their 4M dollars held will be used to pay the penalties the province will incur from the CDC and any other additional costs for disposal of additional structure surplus created by the over production.

Consecutive Years Pre-fill – Producer

If producer is in pre-fill at the start of the 2006/2007 Dairy Year, they can recoup all 4M dollars held from the previous 2005/2006 Dairy Year if their 2005/2006 & 2006/2007 cumulative production is at 100% or less.

Example: 2005/2006 shipped 105% in 2006/2007 producer ships 95%. To clarify this 95%. In 2006/2007 the producer ships 100% of their new allocation that is equal to 95% of their 2005/2006 allocation. Therefore, cumulatively the producer is shipping 100% of their 2005/2006 & 2006/2007 allocations.

Two Consecutive Years of Pre-fill – Province

Producers who are over quota will absorb the provincial pre-fill and have quota suspended. For producers who are over in consecutive years, their 4M dollars held will be used to pay the penalties the province will incur from the CDC and any other additional costs for disposal of additional structural surplus created by the over production.

Two Consecutive Years of Pre-fill – Producer

If you are in pre-fill 2 consecutive years your ability to recoup 4M dollars held from 2005/2006 is GONE. Those dollars are lost to the producer as they will be used to pay provincial penalties and disposal costs from the CDC for that excess milk. Additional quota will be suspended up to the maximum kilograms of butterfat over shipped by that producer for the 2007/2008 Dairy Year.